

\$3.4 million in state deposits heading back to O.C. businesses

Refunds mark the end of the Board of Equalization's security deposit program.

By Lily Leung / ORANGE COUNTY REGISTER

More than 600 Orange County company owners who paid about \$3.4 million in security deposits to the state to register a business could expect to see that money again soon, according to the State Board of Equalization.

The returns come four months after the state agency voted to eliminate its security deposit program.

Previously, new businesses had to pay deposits to register as a corporation or LLC. The state used the deposits, ranging from \$2,000 to \$50,000, to cover potential tax liabilities. The fees typically would be returned to business owners after a maximum of three years.

The agency did away with the program in December, calling it burdensome on businesses and wasteful. Less than 1 percent of the deposits went to cover liabilities, one state study showed.

In all, nearly \$28 million in cash deposits will be returned to more than 5,000 businesses statewide and some in other states. Checks will be issued this week and throughout the next few weeks.

The effort to end the program has been in the works for seven years. Michelle Steel, vice chair of the BOE, found out the state was failing to return deposits to businesses in a timely manner, which eventually led to the proposal to end the program.

Contact the writer: lleung@ocregister.com